

U.S. HIGH-TECH TRADE COALITION

- ADVAMED - AeA – ASSOCIATION FOR COMPETITIVE TECHNOLOGY - BUSINESS SOFTWARE ALLIANCE –
- CAPNET - COMPUTER & COMMUNICATIONS INDUSTRY ASSOCIATION - COMPUTER SYSTEMS POLICY PROJECT –
- COMPUTING TECHNOLOGY INDUSTRY ASSOCIATION - ELECTRONIC INDUSTRIES ALLIANCE –
- INFORMATION TECHNOLOGY ASSOCIATION OF AMERICA - INFORMATION TECHNOLOGY INDUSTRY COUNCIL – IPC –
- NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION – NATIONAL VENTURE CAPITAL ASSOCIATION –
- SEMICONDUCTOR INDUSTRY ASSOCIATION - SEMICONDUCTOR EQUIPMENT & MATERIALS INTERNATIONAL –
SOFTWARE & INFORMATION INDUSTRY ASSOCIATION – TECHNET – TELECOMMUNICATIONS INDUSTRY ASSOCIATION

January 26, 2005

The Honorable Bill Thomas
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Thomas:

We are writing to urge Congress to pass the U.S.-Central America-Dominican Republic Free Trade Agreement (DR-CAFTA) with Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua. The U.S. High Trade Coalition is composed of the leading technology associations and companies committed to trade liberalization.

International trade is vitally important to our industry. On average, more than 60 percent of U.S. technology industry revenues are derived from outside the United States. Passage of this agreement is critical to success of the overall U.S. trade agenda, and this agreement contains several provisions of particular importance to the U.S. technology industry.

The agreement features important tariff reductions to make U.S. technology exports more competitive internationally. Our industry benefits greatly from the WTO Information Technology Agreement (ITA), which eliminates tariffs on specified technology products. As part of this agreement, the Dominican Republic, Guatemala, Honduras and Nicaragua will join the ITA and eliminate tariffs on tech products entering their markets. This will save U.S. exporters more than \$75 million annually in import duties and make U.S. technology exports more competitive in those markets.

Services liberalization is another key benefit of this agreement. All six nations agreed to use a "negative list" approach, whereby all sectors are deemed open to liberalization unless specific exceptions apply. Non-discrimination and national treatment for digital products such as software, and strong intellectual property protections are other important elements of this agreement.

This agreement will establish important precedents for trade agreements currently in negotiation, such as a free trade agreement with the Andean nations and the Free Trade Area of the Americas (FTAA). It will make the U.S. trading relationship with Central America more reciprocal, since most products from the region already enter the United States market duty-free.

In addition to the benefits outlined above, Congressional passage of the DR-CAFTA will send a strong message to the other countries in Latin America that we believe in building strong economic alliances with our trading partners in the Western Hemisphere. Moreover, it sends to the world the message that the United States remains committed to trade and investment liberalization in the many on-going trade negotiations.

We look forward to working with you to pass this important agreement.